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THE ECONOMIC POSITION OF AUSTRIA

AGRICULTURE

In 1937 Austria's consumption of food was covered to the extent of 70 to 75 per cent by indigenous production. (The proportion takes account of the import requirements for feeding stuffs). At present, however, agricultural production in Austria is in a very bad state, as can be seen from the following figures :—

Output in thousands of metric tons

	Average 1934–38	*1945*	*1946**
Wheat and Rye	950	457	550
Potatoes	2,907	1,421	2,209
Barley, Oats and Maize	904	368	
Sugar beet	1128	128	216

*Estimate by the Austrian Ministry of Agriculture.

According to these figures the harvest of bread grains in 1946 was less than 60 per cent of normal. These estimates are, indeed, not very accurate, because peasants for obvious reasons tend to understate their output. It is reasonable to assume an actual production of about 10 per cent higher than the crops given, which still leaves us with an abnormally low output.

The first reason for this state of affairs is the neglect of Austrian agriculture under German rule. The Nazis relied on food from their conquered territories, depleted agriculture of manpower by a thoroughgoing call-up for the armed forces and war industries, and replaced it by inefficient prisoners and slave workers. As a result the acreages were reduced by 20 to 30 per cent in the main crops.

Acreage under crop
(Thousand hectares)

	1937	*1944*	*% of 1937*	*1946*	*% of 1937*
Wheat	250	208	*84*	200	*80*
Rye	358	239	*67*	229	*64*
Barley	167	128	*71*	115	*69*
Oats	287	204	*71*	199	*69*
Maize	70	48	*69*	52	*74*
Potatoes	216	174	*80*	156	*72*
Sugar beet	40	30	*75*	16	*40*

Land under pasture and unproductive land has correspondingly increased. About 100,000 hectares are estimated to have been absorbed for military purposes.

In addition to the reduction in acreage there is a low yield; in the case of bread grains and sugar beet it has been particularly low in 1946 because of drought. The general reasons are neglect of soil and lack of labour.

Yields in quintals per hectar

	Average 1934–38	*1946*	
Wheat and Rye	15.4	12.8	*83%*
Potatoes	139.1	142.0	*102%*
Sugar beet	252.6	135.0	*53%*

As compared with the average of 1934 to 1938 the reduction in acreage was 24 per cent and in yield 17 per cent in the case of bread grains (wheat and rye). The disposition of the resulting harvest is as follows : of 550,000 metric tons (leaving out of account the excess which is not declared by the peasants) there remain, after requirements for seed and waste are covered, 430,000 tons. Of this the peasants are to retain 230,000 tons, so that there remain 200,000 tons of bread grain. The requirements for the rationed population on the basis of the present 1,540 calories per normal consumer are 730,000 tons, so that 530,000 tons must be imported in the present harvest year.

What are the chances of bringing back home production of crops to its peace-time standard ? There is no shortage of draught power. Horses are abundant (although to get the greatest output for the country as a whole they may have to be redistributed from the American to the Russian Zone), and the tractor position is better than in 1937. Outside advisers have rightly stressed the need for fertilisers, of which ammonia can be produced at home, whereas phosphates and potash must largely be imported. But the overriding problems are those of available labour and incentives to peasants. The labour shortage in agriculture is particularly bad, and the required increase in acreage depends on the solution of this problem. At the same time it must be realised that, even with the increase in agricultural prices in 1946 by about 50 per cent above the war-time prices, there is still a very small incentive to peasants as long as they can get industrial goods only at black market prices.

If we turn to the livestock position we get a more reassuring picture. In comparison with countries further east Austria has come out of the war with relatively limited damage to its livestock, except with regard to pigs.

Livestock (thousand head)

	1938	*1944*	*1945*	*1945 in % of 1938*
Horses	247	240	264	*107*
Cattle	2,579	2,536	2,187	*85*
of which :				
Milch Cows	1,216	1,281	1,145	*94*
Pigs	2,868	1,697	1,030	*36*

The drawback of the situation is, however, the acute shortage of feeding stuff; Austria used to import 33 per cent of its feeding grain in pre-war times. One result of the shortage of feeding stuff is the very considerable reduction in the yield of milk per cow, a process which had gone a long way already under the German occupation. This partly explains the serious milk shortage in some parts of the country, especially in Vienna (before the war Austria was more than self-sufficient in dairy products).

The most acute problem is the distribution of livestock between the zones of occupation. The Russian Zone has lost proportionately most, the Western zones have lost less, or partly even gained. (This is due not only to Russian requisitioning but also to removal of livestock to the West by the Germans). The Western zones are not able to feed the livestock, and a redistribution is called for. Only very limited transfers have so far taken place and the Austrian Government is pressing very hard for further transfers, so far with little success. The responsibility for this lies with the military governments of the western zones, especially the American zone of Austria.

Livestock in the Four Zones (thousand head)

Zones	*Horses*			*All Cattle*			*Milch Cows*		
	1938	*1946*	*Change*	*1938*	*1946*	*Change*	*1938*	*1946*	*Change*
Russian ...	115	104	— *11*	977	745	—*232*	471	403	— *68*
American ...	57	73	+ *16*	586	551	— *35*	301	307	+ *6*
British ...	51	63	+ *12*	735	639	— *96*	304	306	+ *2*
French ...	9	13	+ *4*	254	241	— *13*	124	122	— *2*

FUEL

Austria must import practically all its supply of hard coal. In 1937 the proportion of coal imported, in terms of hard-coal equivalent, was 64 per cent of the total supply.

Home production of brown coal reached 84 per cent of the 1937 level in March 1946, but dropped in April owing to the cut in rations, and reached a low output of 61 per cent in June 1946.

The supply position in October 1946 is given by the following figures :

Coal Supply (Annual rates in thousands of metric tons) in October 1946

	Hard Coal	*Brown Coal*	*Total Hard Coal Equivalent*
Ruhr Coal	1,400	—	1,400
Polish and other Coal	70	—	70
Home Production	100	2,400	1,300
Total			2,770

The available coal supply was thus 53 % of the 1937 supply, in terms of hard coal equivalent in October 1946. Since then the supply has declined. The 1937 consumption of 5.2 million tons hard coal equivalent is no indication, however, of what Austria would need with full employment. The 1929 consumption was 8.3 million tons of hard coal equivalent. The development of water power and oil resources, on the other hand, reduces these requirements, but nevertheless coal remains a bottleneck of the first order.

The following table shows, by way of example, how the supply was allocated to various uses in two recent months; the figures show the effect of cuts in allocations, although they are still in excess of current supplies.

Allocation of Coal Supply

(Monthly rate, thousands of tons hard coal equivalent)

	Average 1937	*September 1946*	*% of September 1937*	*October 1946*	*% of October 1937*
Industry	176	143	*78%*	102	*50%*
Gas, Water and Electricity Works	75	42	*51%*	47	*59%*
Railways and Shipping ...	92	77	*70%*	53	*52%*
Domestic Consumption and small industrial users	82	77	*77%*	64	*54%*
Total Supply	425	339		267	

It must be stressed that the figures represent allocations, not actual supplies. The distribution between various parts of the country is very unequal. In fact, Vienna is desperately short of household coal. The allocation to gas and electricity works proved too low in view of the effects of the dry weather on the output of hydro-generated electricity. This produced a grave crisis in the electricity supply, particularly in Vienna, from October onwards. Factories had to be cut off for parts of the week, traffic was disturbed, and alternating parts of the city blacked out in turn during certain times.

The supply to industry in October at 50 per cent of 1937, is clearly a seriously limiting factor to output. In earlier months, it was, however, rather greater, with industrial output less than half of 1937, and there is reason to think that part of the industrial allocation disappeared in the black market to reach the households.

To a certain extent Austria's fuel position is made easier by the war-time development of hydro-electricity and mineral oil. Pending the development of large reservoirs and dams the generation of hydro-electric current is, however, subject to strong seasonal fluctuations, and requires a complementary generation from thermal power plants in the dry season. The following figures give an approximate estimate of the annual amount of electricity which could be generated with the plant in existence and under construction :

	1937	*1946*
Capacity of Hydro-electric Power Plant ...	2.4 milliards KWh	3.2 milliards KWh
Ditto under construction...	—	1.3 ,, ,,
Capacity of thermal power plant	0.5 ,, ,,	0.55 ,, ,,

Consumption of Electricity

	1937	*June 1945—May 1946*
Electricity generated from all sources ...	2.9 milliards KWh	3.0 milliards KWh
Industrial consumption	1.4 ,, ,,	1.4 ,, ,,
Export	0.3 ,, ,,	0.7 ,, ,,
Non-industrial consumption	1.2 ,, ,,	0.9 ,, ,,

The distribution of electricity between various parts of the country is exceedingly unequal, for which difficulties of transmission are *partly* responsible. Vienna is worst off in this respect.

The mineral oil wells of Eastern Austria yielded 1.2 million tons in 1944. Output was low after the liberation, but seems to have increased to a fairly high level lately. It is worth noting that only a very small percentage of petrol (for motor cars, etc.) can be extracted from the Austrian oil. That explains the considerable shortage of petrol for traffic in Austria. It is not known exactly what percentage of oil the Russian management of the oil wells releases for Austrian consumption, but there appears to be no undue shortage of oil for domestic heating.

In the American zone there are also oil wells in the process of development.

INDUSTRY

The present industrial capacity results from the additions which were made during the German occupation on the one hand, and the removal of plant as war booty on the other hand. The most important examples of increased capacity are given in the following table :

Capacity in thousands of metric tons

	1937	*1946*
Pig Iron	600	1,600*
Crude Steel	750	950
Aluminium	8	80
Metallurgical Coke	—	900
Nitrogenous Compounds	2	62
Synthetic Fibre (Zellwolle)	—	14

*Including uncompleted capacity in the United Steel Works at Linz.

In most of the cases given the capacities are in excess of probable home consumption; they are very valuable assets provided markets can be secured abroad.

The removal of equipment as war booty has mainly affected the engineering and the chemical industries (although cotton and woollen spinning have also been affected). These industries have been tremendously expanded during the war.

How does the capacity left over after the removals compare with the capacity in 1937 ? This is a question which the lack of accurate statistics makes rather difficult to answer. The following figures must be regarded with every possible caution.

Machinery Holdings in Engineering Industries, 1-1-1946

	All types of machines		*Electric Motors*	
	1946 as % of 1945	*1946 as % of 1937*	*1946 as % of 1945*	*1946 as % of 1937*
Foundry Industry	85	141	84	233
Metal Construction Industry	46	76	27	58
Machine Tools and Machinery Industry ...	40	82	31	95
Road Vehicles Industry	42	65	21	72
Iron and Metal Goods Industries	83	101	46	119
Electrical Industry	41	66	16	75
Total	56	84	32	94

Capacity of some Chemical Industries, thousands of tons

	1937	*1946*
Sulphuric Acid	58	14.7
Rubber	30	2.4
Super phosphate	54	27.0

The industries which have been really badly hit and definitely require new equipment are : The electrical industry and the metal construction industry and among chemical industries rubber and sulphuric acid. In these industries considerable investment is needed to fill out the gaps created in the pre-war capacity, and to remove dangerous bottlenecks. In most other industries the situation is rather less serious, and the addition of relatively limited quantities of equipment might in most cases be sufficient to restore peace-time capacities.

The total value of the booty taken by the Russians, equipment and all kinds of stocks included, was estimated at 950 millions of Austrian Schillings. Of this, the value of equipment accounted for over S600 millions. If we take into account that by far the greater part of the removals were war-time capacities it would follow that a restoration of 1937 capacities should be possible with fairly limited means. There remains, it is true, the problem of maintenance—because spare parts have to a great extent been obtained from Germany in the past.

This would give a relatively optimistic picture, but there is another side to it : the greater part of the equipment left is very old, and that applies also to consumption goods industries where renewals have not been undertaken during the war. In all but the short run there arises thus a very serious necessity of modernising industrial equipment. Another consideration is that factory buildings have been heavily affected by war damage.

A conclusion which, incidentally, can be drawn from the material presented, is that the main bottlenecks in industry are at present raw materials and fuel. The rate of industrial production is certainly below 50 per cent of the 1937 output, and there was considerable unused capacity in 1937. Even though industrial output is so low, it would seem from all direct evidence that the supply which is reaching the shops (in Vienna the vast majority of them are closed) is much smaller. There is little doubt that the black market (which mostly assumes the form of barter transactions—often the employees are paid with goods they themselves produce) absorbs the greater part of the output.

TRANSPORT

The total number of road vehicles capable of operation has been considerably reduced as compared with peace-time, but the number of lorries in the whole of Austria is actually greater; a large part of them are probably in a very bad state. The primary bottleneck in road transport is lack of petrol, and rubber tyres. Another limiting factor is the lack of spare parts.

The distribution of vehicles between the zones is very unequal. Vienna and Eastern Austria show a great deficiency, whereas the Western Zones, where the retreating German army surrendered, have the greater part of the available vehicles.

The amount of railway rolling stock in running order is very deficient. Most of the material was badly damaged in the last stages of the war. The

Number of motor vehicles in thousands

		Austria	*Vienna*	*Lower Austria & Burgenland*	*All other Provinces*
Lorries	1936	13.6	6.2	3.3	4.1
	1946	16.3	4.1	2.1	10.1
Cars	1936	30.1	15.4	5.2	9.5
	1946	14.1	2.8	1.9	9.4
Buses	1936	2.5	0.9	0.7	0.9
	1946	0.8	0.1	0.05	0.65
Special Vehicles	1936	1.8	0.6	0.5	0.7
	1946	1.2	0.2	0.1	0.9

rolling stock which is capable of repair is however quite considerable, and it would appear that, apart from shortage of coal, the shortage of repair facilities constitutes the decisive bottleneck in rail transport.

MANPOWER

Reliable statistics of available manpower do not exist at present. We can only say, on general grounds, that there must have been a serious drain on manpower. The number of people killed in the war is given as 100,000, the number of heavily incapacitated is even greater than that. Emigration has further eaten into the manpower, and a quite considerable number of prisoners is still abroad.

According to available data the number of insured employees in employment is, however, rather high. With 1.8 millions in August 1946, it compares with an *average* of 1.33 millions in 1937.[1]

Number of Insured Employees, in thousands

	January 1946	*August 1946*
Industry, trade and commerce	992	1,281
Agriculture and Forestry	277	292
Mining	20	23
State Railways	97	101
Government service	118	116
Total	1,504	1,812

The amount of unemployment in 1937 is estimated at 650–700,000, so that the labour supply in 1937 should have been over 2 millions (according to the Census of 1934 the sum of employed and unemployed workers and salary earners in 1934 was 2.08 millions). At present there are 80,000 unemployed, so that the total labour force of 1.9 millions is much higher than could have been expected. If we are to accept the figures, there may be two factors which would partly explain them: there is a certain number of foreigners working in Austria; further, the amount of disguised unemployment before the war may have been even greater than supposed: smallholders in the country and peasant sons have probably left the land in considerable numbers during the German occupation. The drawback of this factor is very obvious.

There is, however, no doubt about it that manpower will be the main economic problem, once the bottlenecks in raw material and fuel have been overcome. The capacity of industry, as we have seen, is on balance probably as great as in 1937; it was very insufficiently used then, and any deficiency of manpower as compared with 1937—which no doubt exists at least as far as sufficiently young and able bodied male labour is concerned—will make the full use of this capacity impossible, especially as considerable manpower is required for building.

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[1] The discrepancy between employment and output figures is explained by the fact that a large part of workers are still engaged in repairs, reconversion and cleaning up, and that productivity is very low.

Foreign Trade

Austrian foreign trade until recently was almost negligible. In the first half of 1946 exports were at an annual rate of AS 85 millions, or 8 per cent of 1937. It was only in the second half of 1946 that two more substantial trade agreements have been concluded, one with Poland for AS 72 millions, and one with France for AS 90 millions, both to be fulfilled in the course of 6 months. Apart from these agreements Austria is practically isolated.

The existing foreign trade is marked by some curious features. Exports in the first eight months of 1946 exceeded imports by AS 35 millions. The real value of exports is much higher than the declared value because exporters considerably understate the prices agreed with their buyers and keep the balance as ' nest-eggs ' abroad. Many exports against foreign exchange are made without regard to the real value of the goods because of the undervaluation of the Schilling. The exchange rate is AS 10 to $1, whereas a reasonable rate, on the basis of official prices, would be 3.5 to 5 Schillings to the Dollar. Exporters thus make tremendous profits anyhow and do not mind exporting goods at dumping prices.

For its imports Austria is almost wholly dependent on U.N.R.R.A., and on Ruhr coal from the British authorities. The total value of relief imports by military authorities and U.N.R.R.A. between June 1st, 1945, and May 31st, 1946, amounted to $160 millions. The relief given by U.N.R.R.A. at present runs at approximately the same rate; the total U.N.R.R.A. appropriations for the whole period of U.N.R.R.A.'s functioning in Austria from April, 1946, to the end of December, 1946, amount to $117 millions.

U.N.R.R.A. has made estimates of the import requirements of Austria in 1947, which are given as $260 millions. Almost $100 millions of this is for food, of that again nearly $50 millions for grain. (The estimates are based on the assumption of a ration of 1540 calories per normal consumer.) Expected exports have been estimated at $100 millions so that a deficit of about $150 million results.

Is Austria Economically Viable ?

The account of the material basis of Austria's economy makes it possible to state that—after a period of transition which extends at least up to the next harvest—Austria is capable of independent economic existence, provided one essential condition is fulfilled : Austria must find the markets for her exports which are required to pay for essential imports. At present she has lost the German market, and she is all but cut off from the markets of the ' Succession States ' (Czechoslovakia, Poland, Hungary and the Balkans). These countries, together with Germany, accounted for 47 per cent of Austria's exports, and for 55 per cent of her imports. Yet Austria can find no substitute in the West and in overseas countries for the markets of her eastern neighbours. In competition with the highly industrialised countries of the West who can base their production on a broad home market, Austria would be badly beaten in most lines. It must be remembered that Austria's exports in the pre-war period were mostly carried through by methods of intensive dumping based on very high tariffs and a thoroughly monopolised industry. It stands to reason that Austria will exist only on the basis of a substantial trade with the East, organised on a bilateral basis. The south-eastern countries will sooner or later again have surpluses in grain, for which Austria is an obvious customer.[1] The exports to finance such purchases can only be secured by bilateral agreements—and *long-term* agreements at that—to give the agricultural producers of the south-east the benefits of stability which, for example, Britain has given to Canada.

In the absence of bilateral agreements and long-term contracts Austria may find after a time that the planned economies of central and eastern Europe will have developed without taking account of Austria and her requirements : the materials, coal and machinery she needs will have been allocated to other customers, and the orders for agricultural machinery, steel, aluminium, etc., will have been placed elsewhere. Time begins to run short in this respect. The logic of this reasoning is incontestable enough to an economist, but it carries little weight with those responsible for the direction of Austrian trade policy. The plain fact is that trade with the countries mentioned is looked upon as politically dangerous.

If, however, the solution dictated by economic necessity is not adopted and Austria continues to be cut off from the East, then she will no doubt have a permanent trade deficit of considerable dimensions, and will be kept in being only by a steady stream of money pumped into the country without any hope of ultimate recovery.

FINANCE AND CURRENCY

Officially prices in Austria are controlled, but this control is effectice only in a certain sector, a great part of which is made up by the goods brought into the country by U.N.R.R.A. and the military authorities, and distributed under a system of rationing. Outside this official sector exists the black market in which prices, even after a considerable decline, were still many times higher than official prices in October 1946 (in the case of bread about 20 times, of lard 70 to 100 times as high). In this black market there is *inflation* in the sense that prices and costs are completely out of proportion, and extraordinary profit margins exist. These profits accrue to certain traders who form a distinct group of the population, and further to manufacturers and parts of the peasantry as well. That these inflationary profits do not lead to a ' spiral ' is due to the fact that the level of wages is controlled, which again is possibly only because of the existence of a price-controlled sector.

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[1] It should be noted that Austria's pre-war import requirements (350,000 tons of bread grain and 450,000 tons of fodder grain) were only a part of the average export surpluses of the South Eastern states which between 1934–5 and 1938–9 averaged 1,450,000 tons of bread grain, and about a million tons of maize. It is likely that production in these countries will recover and after a time will not be substantially less than pre-war. A great increase in home requirements is not to be expected, because livestock is enormously reduced and will increase only slowly, while bread consumption is not likely to increase very considerably (the diet of the agricultural population of the grain producing areas comprises already a very high proportion of bread).

The inflation in the black market sector is generated by three factors the *budget deficit*, a good deal of *private capital formation* and the *dissaving*—spending in excess of current income, out of reserves—of a considerable part of the population. However, the force of all these three factors has lately been on the decline.

The budget deficit for 1946 will probably be of the order of S1,250 millions (total federal government expenditure inclusive of occupation cost may be estimated at S3,800 millions). It is very largely dependent on the amount of occupation cost, which for 1946 is of the order of S1,000 millions. The occupation costs have been declining with the size of the occupation army and the present rate is rather lower than for the whole of 1946.

Private investment has mainly taken the form of repairs and cleaning up of factories and equipment, etc. In the first year after the liberation a very great part of the employed labour in industry was devoted to this purpose, but now the proportion of workers devoted to the direct productive effort is increasing strongly. It may be guessed that this probably means a decline in private investment.

Dissaving has occurred to a very great extent and has been a most important determinant of the inflation in the black market sector. Apart from well-to-do people employees also dissaved at a heavy rate in the first year after the liberation. Common experience points to the conclusion, however, that by now the bulk of the savings of workers and small salary earners has been spent. The effect of this is seen in a remarkable decline of black market prices. In August 1946, they were only about a quarter of the prices obtaining a year earlier, and they have continued to decline strongly since. A certain limited improvement in the supply of home-produced goods may have played a role, but a very minor one as compared with the basic factor mentioned above.[1]

The decline in black market prices, and consequent reduction of the disparity between costs and prices implies that the inflationary pressure is being reduced. This happens quite automatically as a consequence of the factors mentioned, but the effect is reinforced by a conscious policy.

The first part of this was the blocking scheme put into operation in December 1945. Its most important effect, it is true, was to put a stop to the influx of Reichsmark currency from abroad by exchanging the notes into new Schilling notes in the relation 1 : 1. The blocking for an indefinite period of

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[1] See *Monatsberichte des Instituts für Wirtschaftsforschung* 1946, No. 1–6, p. 8.

60 per cent of all bank and savings deposits (including the accounts created by the conversion into deposits of old notes above a certain minimum exchanged into Schilling notes) had, however, also the effect of reducing the amount of spendable savings. Needless to say, this operation could never be a decisive blow against the black market, because the amount of deposits in the hands of well-to-do people, which was either left free or subsequently unblocked by stages, is quite sufficient to keep a substantial black market going.[1] From a social point of view such blocking schemes involve considerable injustice, because they leave to the rich a sufficient margin of free deposits for spending freely in the black market, and do not touch their reserves of real property, of which the average worker has none but the necessities of life.

The note circulation was reduced by the blocking scheme from S5,000 millions to S2,500 millions, but by October 1946, it was again back at the old level, partly owing to the issue of additional notes to the occupation powers, and partly owing to partial unblocking of deposits up to 40 per cent. These considerable holdings of cash are heavily concentrated; they are in the hands of black market dealers, and of peasants (even among the latter they are probably fairly concentrated). The majority of the population, as mentioned before, has by now probably only very few spendable reserves.

More important than the blocking scheme has been the price and wage policy pursued by the government. In the first year after the liberation the government tried to keep (official) prices and wages at the 'stop-level' which had been in operation during the war. As far as prices are concerned this was about 66.7 per cent of the nominal value of Schilling prices in April 1938 (because 1.50 Schillings were exchanged into 1 RM in 1938). With regard to wages the situation was more complicated, because nominal wages rose somewhat after the Anschluss, but the net wage received by the worker under the German occupation was considerably reduced by the wage tax.

The policy of continuing the price and wage stop after the liberation proved soon to be impossible, first because of wage pressure which was the result of the fantastic black market prices and of scarcity of labour, and secondly, because of the government's policy of discontinuing the subsidies on agricultural and industrial products which were an essential part of the German price control system. In Spring 1946, the government finally resolved to allow a general and limited increase of prices and wages which was intended to bring the average price and wage level up to about 50 per cent above the stop-prices (it would thus have restored the nominal prices of April 1938). In its actual execution the policy looked rather different. If the cost of living were calculated on the basis of the official (peace-time) index, it might appear that by October 1946, it was only little above the nominal price level of April 1938. But this result is wholly fictitious: at present food has a much greater weight in the cost of living than in ordinary times, and food prices have increased considerably more than other prices, on account of the elimination of subsidies and increases of prices of agricultural produce. In reality the price increases have thus outpaced the increase in wages.

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[1] See my article 'The Problem of Inflation in Continental Europe', BULLETIN, Vol. 7, No. 17.

The Institut fuer Wirtschaftsforschung has calculated the expenditure of a worker's family on goods which are rationed or officially allocated, together with all other necessary expenditure on rent, fares, etc. This index of what might be called ' expenditure in the official market ' has risen considerably more than the average wages up to the autumn of 1946. Part of the increase, it is true, is due to increasing official allocations, e.g. of vegetables. The significant result, however, is that the margin between the ' necessary ' expenditure so calculated and the average wage has been narrowed down to a very small amount. The whole significance of this is only apparent if one considers that the official rations before November 1946, were 1,850 calories for a worker and 2,700 calories for a heavy worker, and that hardly any clothing or other industrial goods were obtainable as official allocations. In fact the average worker's wage is thus only enough to buy a wholly insufficient diet for his family and cover the necessary current expenditure on rent, fuel, fares, etc.

The wage and price policy outlined is apt to create considerable social tension. We can, however, discern a concept of financial policy behind it, which is worth examining. The idea is obviously to close the gap between official prices and black market prices by a twofold operation—an increase in official prices, and a strong decrease in black market prices brought about by a squeezing of real income of the bulk of employees.

Has this concept any hope of realisation ? We must not judge its success by the decrease in black market prices which has already taken place. As long as black market prices are still *substantially* higher than official prices, and a *substantial* proportion of the supply goes into the black market, we cannot speak of success. It is, however, quite clear that the black market and the price divergence mentioned can never be eliminated by the squeezing of real wages, for the simple reason that sufficiently large numbers of well-to-do people exist, who are able to buy at high prices on the black market, and who will always continue to offer a ' price-agio ' sufficient to divert the supply of goods required by them from the official channels.[1]

Indeed, any attempt to bring the inflation in the black market sector under control by purely financial measures, is bound to fail. The black market can only be conquered if the government gets hold of its supplies. That requires thoroughgoing control over industrial and agricultural production and deliveries. The government has still a very long way to go in this direction.

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[1] The essential contention is that the proportion of supplies diverted is *substantial*, because even in a well controlled economy a small black market is unavoidable. With the tremendous scarcity of goods the proportion consumed by the relatively well-to-do is considerable, especially if we add to them the number of those who themselves have products of their own to offer, and are, therefore, in a position to outbid the official market.

AUSTRIA AND THE ALLIES

Austria is divided into zones of occupation which show very remarkable contrasts. Broadly speaking, the Western Zones are economically better off than the Eastern Zone and Vienna. The first reason for this is that the Germans, before their retreat, removed livestock, vehicles, stocks of raw materials, and even some factories to the West. In addition, the East was the scene of serious fighting, and suffered considerable destruction. There is, however, still another reason for the contrast between the zones. In the East the liberation led to a virtual breakdown of the administration on account of the wholesale flight of German and Nazi officials. This involved also a breakdown of economic controls. In the meantime, much has been achieved in building up a new administration; in the economic field, the main achievement was a system of differential rationing for food, but other economic controls, such as raw material controls, allocation and rationing of industrial products, control of deliveries from peasants, are virtually lacking or quite ineffective. In the West, on the other hand, a system of economic controls, especially raw material controls and controlled delivery from peasants, was virtually taken over from the Germans, the organisation and even the personnel being to a large extent maintained intact.[1] This has enabled the provincial governments of these zones to organise production and distribution better than in the East.

The contrast between the zones shows no signs of diminishing. Up to summer 1946, there was a strict boundary control which prevented the flow of goods between eastern and western zones (goods were passed between the zones only on the basis of quite formal trade and barter agreements between provincial governments). This control was instituted by the military occupation powers. In view of the situation described, it worked mainly as a dam which prevented the flow of goods from the relatively well-supplied west to the east.

Since the passing of the *Control Agreement* last summer, the boundary zones are abolished, but in practice this has turned out to mean very little. The military governments which control economic life in the Western zones, and the provincial governments which work under their supervision, in fact do not allow the free passage of all goods. An example for this is livestock, which cannot be moved freely from the American zone in accordance with the desires of the Austrian government. Moreover, as there exist economic controls in the West, but not in the East, it is easy to prevent the redistribution of supplies without actually stopping the goods at the boundary. The really relevant issue is that of having a *national* system of controls and allocation, as opposed to a *zonal* one. The first attempts at control on a national basis are being made, but they do not look very promising for the following reason : of the three types of government in Austria, military government in the Western zones, provincial governments (in Western and Eastern zones), and central Austrian government, the first is by far the strongest and the second is on the whole stronger than the third (especially where it can rely on the support of military government as is the case in the West). The central government, as at present constituted, appears to be neither very keen nor really capable of instituting a system of economic controls on a national basis. An illustration of this point is to be seen in the fact that even up to now it has not found it possible to produce any sort of plan for production and distribution in the next few years, and still lacks most of the statistical data for this purpose.

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[1] *Monatsberichte des österreichischen Instituts für Wirtschaftsforschung* 1946, No. 1–6, p. 28.

Broadly speaking, the Austrian economy is largely run on a zonal, rather than a national basis, and the importance of zonal boundaries is as great now as it ever was. Even within the zones, however, there is no equitable pooling of supplies. The worst sufferer in the present situation is the city of Vienna. The mayor of Vienna, in a statement before the town council, gave figures which show that the capital is receiving an unduly small share of available supplies. Although Vienna accounts for two-thirds of the damage done to buildings, it received about 20 per cent of the building materials available in Austria. The share of coal received by Vienna is out of proportion to its share of supplies before the war, even if account is taken of the great reduction in the population of Vienna. These examples show that even in those cases where machinery for allocation on a national scale has been instituted, the result is not satisfactory.

Apart from the problem of zones, Austria's relations to the Allies are complicated by the existence of the allied claims arising out of the Potsdam agreement. These claims relate to German property in Austria; Russia's claims extend to German property in the eastern zone of occupation, whereas the Western Allies' claims relate to the German property in their respective zones. As a very high proportion of Austria's industry passed into German hands during the occupation, the full satisfaction of these claims on the widest possible interpretation would mean that a very large proportion of industrial profits would be payable abroad. This would mean a serious position from the point of view of the balance of payments, especially if the considerable pre-war foreign debt of Austria is to be serviced as well. So far none of the powers have renounced their claims arising from the Potsdam agreement. The U.S. have turned over the management of the works concerned to Austrians in spring 1946 (at about the same time when the Russian authorities took over the management of the factories claimed by themselves), but they have expressly reserved their claims to the property concerned.

It is, perhaps, not quite irrelevant to the question that Austria holds considerable claims against the former German Reich in the form of at least RM8000 millions of Reichsdebt. In fact it is doubtful whether the Austrian economy ever received the countervalue of the property which passed into German hands.

THE IMMEDIATE OUTLOOK

In November 1946, the ration scale which had been based on 1,200 calories per normal consumer was raised to 1,540 calories per normal consumer. The increase took almost entirely the form of increased allocations of bread and flour. It came as a surprise insofar as officials of U.N.R.R.A. who were responsible for Austrian feeding up to the end of 1946 had made it known in the preceding weeks that in their opinion available supplies did not make any increase possible. In fact, it is not known up to now how Austria's food imports in 1947 will be financed, except that the U.S. administration is planning to ask Congress for an appropriation for relief.[1]

Austria has a very strong case for claiming the return of its assets of gold and foreign exchange taken away by the Germans after the occupation. These assets are estimated at about $100 million. A return of these assets might be considered more urgent than the granting of credits, which would increase the burden on the future balance of payments, and it might go a long way in solving the immediate problem of food imports up to the next harvest.

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PROBLEMS OF RECOVERY IN THE NETHERLANDS

Since Professor Tinbergen wrote his survey in the autumn of 1945,[2] the economic situation in the Netherlands has improved considerably.

In the first place, a monetary reform, the so-called ' purge ', and a fairly rigid control of prices and wages have kept the danger of inflation resulting from the scarcity of goods within narrow limits. The monetary reform launched on September 26th, 1945, blocked all banknotes and deposits of private persons and business enterprises. After October 3rd, only money needed for wage payments and for the most urgent provisions of non wage-earners has been supplied. As a result, the total volume of money in June 1946, after cash holdings had regained their required volume, was about halved, as compared with September 1945.

Circulation before and after the Monetary Reform

		Notes & coins	Deposits	Total money
April	1945	5.894	5.014	10.908
September	1945	1.952	9.011	11.854
October	1945	998	2.344	3,342
June	1946	2.554	3.303	5.847

The income velocity of money, *i.e.* the ratio between the national income (guilders 8.60 milliards) and the total volume of money (guilders 5.85 milliards) is now about 1.47, as against about 2.00 in 1939. This compares with an income velocity of 1.19 in the United States and 1.70 in Great Britain in 1946.[1]

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[1] Britain has promised to give a credit and grants to the extent of £10 millions, but these will be spendable only in Britain, ' and such countries as may be determined ', so that it will hardly contribute much to the finance of food imports.

[2] Cf. BULLETIN, Vol. 7, No. 11.

The money sterilised in September 1945, is still the property of the original owners. Its use is, however, restricted to the payment of taxes of former years, and to limited subscriptions to certain non-transferable Government securities. The difficulty with these remaining blocked balances, as in other countries, is the problem of their final elimination, which is considered desirable in order to effect a just distribution of the financial burden of the Occupation. Therefore, two kinds of capital levies were voted. The first one attacks capital accumulation during the war, and imposes a flat rate of 50 per cent on the capital increase. The second one is graduated, and charges from 10 up to 25 per cent on the remaining total capital. By making the blocked balances transferable, it is expected that these levies will bring about their final disappearance.

As a consequence of this purge, and also in order to facilitate the restitution to their original owners of assets seized by the Germans, a complicated system of additional measures has been necessary, among which a registration of securities and a restriction in their trade should be mentioned.

Cumbersome though these measures and the control on prices and wages may be, the Government has partly succeeded in checking an otherwise inevitable run-away inflation :

Price Indices. (Base 1938–1939=100)*

	May 1945	Sept. 1945	Jan. 1946	Aug. 1946
Raw materials	186.4	202.6	258.9	292.0
Wholesale prices	166.8	194.7	236.1	257.0
Cost of living	—	161.8	167.0	181.4
Wages	126.1	148.0	170.9	176.8

*The index numbers for May and September 1945, are biassed by the fact that price quotations of earlier years have been retained, since the respective commodities are not available any longer no new prices can be recorded.

As is shown by the figures for raw materials, the greater part of the rise in cost of living and wages may be attributed to the higher level of international prices. Nevertheless upward pressure on home prices continued as a consequence of the scarce supplies and considerable arrears in durable consumers' goods for private households. The volume of production showed a satisfactory expansion in the months following the monetary purge, a great number of idlers having been forced to earn a living. But after this first start the development was only gradual.

The number of workers already exceeds the 1938 level, but productivity per man hour rises only slowly and limits the rate of expansion. Two causes are held to be responsible for the low level of labour productivity : (*a*) The worker himself is not fulfilling his normal pre-war task, and (*b*) a complex of objective factors hampers the productive process.

As to the first, the Dutch Government is playing, like the British, the ungrateful role of ' expounding the advantages of a sunny temperament to a

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[1] ' Survey of Current Business ', May 1946 ; and ' The Economist ', May 4th, 1946, p. 712.

Industrial production

(Estimated figures, base 1938=100)

		Number of workers.	Productivity of labour	Volume of production.
September	1945...	71	58	42
October	,, ...	82	58	48
November	,, ...	85	64	60
December	,, ...	86	63	60
January	1946...	89	64	62
February	,, ...	95	65	61
March	,, ...	95	66	63
April	,, ...	98	69	68
May	,, ...	99	70*	70*
June	,, ...	101	72*	74*
July	,, ...	—	—	71*
August	,, ...	—	—	71*
September	,, ...	—	—	76*

*Provisional figures.

man with a sluggish liver ', by exhorting workers tired after the psychological strain of the war; on the other hand, it is faced with the impossibility of raising food rations above the level of 2,100 calories. In addition, normal incentives for productivity have disappeared altogether or have lost their stimulus as a consequence of the scarcity of goods.

As to the second cause, Dutch industry is handicapped by shortages and irregularity in the supply of foreign materials, devastated or worn-out technical capacity,[1] shortage of skilled labour, etc. They form in turn bottlenecks for an expansion and act as a drag on recovery.

Fortunately social friction as represented by the loss of working days on account of strikes is small as compared with 1919 and 1920. Another favourable fact is the improvement of the coal situation; supplies are now sufficient to maintain production at least at the present level.

Distribution to coal to industry and transport

(Base : 1938=100)

1945	4th quarter :	32
1946	1st quarter :	35
1946	2nd quarter :	41
1946	3rd quarter :	69

(Domestic consumption of fuel this winter has been raised to 78 per cent of 1938 as compared with 59 per cent in the winter 1945–1946.)

But on the whole, the unfavourable conditions of low productivity are still predominant, and have resulted in a relatively small reconstruction of war-damages. The Central Planning Bureau estimates that scarcely 15 per cent of total damages will be repaired this year. Only 10,000 out of 90,000 destroyed or damaged residences are to be rebuilt. The arrears, caused by the suspension of building during the occupation, amount to about 150,000 houses.

Exports, after correction for price changes, will in 1946, amount to only 20 per cent of the 1938 figure, and fall short of imports by 1.3 million guilders. Apart from income out of foreign assets and shipping, this deficit of the balance of trade must be compensated by foreign credits. Up to now, a new Canadian long-term credit of 330 million guilders and a short-term one of

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[1] Cf. BULLETIN, Vol. 7, No. 11.

530 million guilders from the U.S.A. have been granted as the most important ones.

As to the future development, the Central Planning Bureau, after estimating the economic possibilities and calculating the optimal development of the principal variables of the Dutch national economy, has drawn up a global plan for the years 1947 to 1952, which sets a sort of target for the Dutch economy. Its main features may be summarised as follows :

Global plan 1947–1952. (Base : 1938=100)

	1947	*1948*	*1949*	*1950*	*1951*	*1952*
Population	108	109	110	111	112	113
Productivity of labour	80	98	95	100	103	106
Volume of total production	87	99	109	115	120	124
Consumption per head	78	82	85	88	91	94
Net Capital formation	106	113	113	113	113	113
Productive Capital Assets*	73.5	76.5	79.5	85	86.5	89.5
Net Capital Movements†	1.4	0.6	—	—	—0.1	—0.3

*September '39=100.
†Milliards of guilders at 1947 prices.

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THE RECONSTRUCTION BOOM IN SWITZERLAND

The Swiss economy throughout 1946 was increasingly influenced by the pent-up demand at home and abroad.

It was possible to reduce the Budget deficit considerably below the original estimate of 427 million francs; actually, after deducting expenditure on redemptions and sinking fund payments, and after allowing for the revenue of the wage equalisation fund, no genuine deficit, and therefore no deficit spending, remained. Still, even with a balanced budget, the doubling of State expenditure since before the War is having an invigorating influence on the country's economy. The State revenue was obtained mainly by heavy taxation which probably resulted in a relative reduction of consumers ex-ante savings.

The export industry continues to be in a feverish state of activity owing to the shortage of goods on the world markets. Since a considerable home demand has to be met as well, delivery periods for export orders have become unusually long. In order to satisfy the large export needs and to replace those imports which were formerly supplied by Germany, many Swiss industries were expanding their productive capacity. The increase in industrial investment can be gauged from data on building plans for new industrial undertakings, which rose from 65.3 million francs in the second half of 1945 to 287.4 million francs in the second half of 1946 (at current prices). The value of new industrial buildings in the years preceding World War II amounted to 140–150 million francs, while plans for commercial and industrial buildings submitted for 1946 have a value, at 1939 prices, of 220–240 million francs. The building industry is further engaged on a large programme for the erection of dwellings in order to meet the acute housing shortage. The total value of building plans for the second half of 1946 is likely to exceed a thousand million francs—this is estimated to be some 20 per cent above present building capacity. Industrial and residential building are thus one of the main expansionist forces for the Swiss economy.

The continuous growth of consumers' income pushed retail sales up by 20 per cent between the summer 1945 and that of 1946, and real turnover is now running at a level 80 per cent above 1938.

Persistent excess demand has completely exhausted all labour reserves. Industrial employment has increased by 11 per cent since the third quarter of 1945, and the number of registered unemployed is as low as 1,100. The usual seasonal unemployment occurring in autumn was hardly noticeable this year. The shortage of labour has been intensified by the fact that the war-time expansion of agricultural output and employment has been maintained. Even the inflow of some 30,000 foreign workers did not very much ease the labour shortage, and firms and industries are competing with each other for available workers. As a result, low-paid industries lose workers to the prospering industries such as watch manufacturing.

Financial data fit into the general picture of economic development. Note circulation since Autumn 1945 increased by only 4 per cent to 3,858 million francs, but, in addition, hoarded money has been brought back into circulation. The banks had granted 850 million francs more commercial credits in September 1946, than in September 1945, and turnover on Post Office accounts and on clearing accounts with the National bank is 20 to 30 per cent above the previous year.

With regard to raw materials, the position is greatly improved. The shortage of materials which in Autumn 1945, could be observed in the metal and partly in the textile industry has been overcome. Therefore, the more expensive makeshift methods and substitute products introduced during the war are being abandoned, and the more efficient pre-war methods relying on established uses of materials and methods of production are re-introduced. The total volume of imports reached pre-war level in Spring 1946, but the value of imported raw materials lies considerably above the 1938 level, while imports of food are still much below the pre-war level. In general, the supply of wheat, fats and meat has not greatly improved since the end of the war.

THE PROBLEM OF PRICES

In spite of the increase of supplies, a sellers' market is still more or less prevalent. Price control, rationing of food, and other measures of control in the distribution of commodities limit the full effect of this surplus demand on home prices. But exports exert a strong upward pressure on prices; with an index of 264 (1939=100), they have risen out of proportion with the internal price level. A slight rise of prices in the home market was compensated by a fall in the prices of imports. An increase in the price of milk, granted as a concession to agriculture, raised the cost of living index, however, from 151 (1939=100) to 154, and will probably lead to a new series of wage demands and a possible further increase in prices.

Wages have risen by 11 per cent between the third quarter of 1945 and the corresponding quarter of 1946, and by 63.4 per cent since the outbreak of war. If changes in foreign exchange values since summer 1939 are taken into consideration, wages and prices in Switzerland have, it seems, increased more than in competitor countries, such as the U.S.A. and U.K. British wages, corrected for devaluation of the pound sterling and measured in foreign exchange, show an increase of only 35 per cent (over 1939), according to the index of the Ministry of Labour. In the U.S.A., prices of manufactured goods had, in October 1946, risen by 48 per cent, while prices of Swiss industrial goods in the home markets were up 50 to 100 per cent. But prices and wages are still changing everywhere, and nothing definite can be said about conditions when the post-war boom comes to an end.

The expansionist economic forces seem to be weakening. Some of the lines of credit extended to Europe are almost exhausted, and exports to important areas such as the sterling bloc countries, France, Spain and Belgium, will have to be restricted. Since it cannot be assumed that exports to other countries could correspondingly be increased, it may be estimated that in a few months' time Swiss exports will decline considerably. Moreover, larger supplies of manufactured goods by the U.S.A. and U.K. will enter the export markets. At the same time, increased imports of manufactured goods into Switzerland tend to put a brake on the expansionist tendencies of Swiss firms. It is the effect on the competitive strength in relation to foreign countries which makes the problem of prices so important for the Swiss economy as a whole.

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Swiss Economic Recovery.

	1945				1946			
Indices 1938=100	Jan.	April	July	Oct.	Jan.	April	July	Oct.
1. Employment in Building and Manufacturing Industries* ...	106	108	110	113	114	119	122	—
2. Retail Turnover at 1938 prices	134	148	136	158	144	191	165	201
3. Postal Clearings...	214	181	199	212	250	224	249	266
4. Wholesale Prices (All) ...	206	206	207	205	201	198	199	202
Home produced goods ...	175	176	178	178	178	177	179	187
Imported goods	253	252	252	246	235	231	231	226
5. Imports at 1938 prices ...	10.1	14.0	24.6	48.2	79.9	97.9	105.8	114.3
Exports do.	14.5	51.2	64.7	74.0	66.4	93.2	120.6	120.1

*Quarterly Averages.

TABULAR APPENDIX.

EDITORIAL NOTE

Since monthly data about British economic developments have become easily available in the Statistical Digest, Series A in this appendix will be discontinued.

Tables comparing the broad trends of production, prices and wages, the volume of foreign trade and the supply of coal for a number of European countries, the United Kingdom and the U.S.A. are given below. For some countries more up-to-date figures are available than for others. These time lags will, it is hoped, be reduced in future and the tables will be extended when more information becomes available. The index numbers are based as far as possible on 1938.

Explanation of symbols :

... the figure is not available
( ) figures provisional or approximate
— figure is negligible.

TABLE I

INDUSTRIAL PRODUCTION (OR EMPLOYMENT)

Index Numbers : 1938=100.

Index Numbers	1939	1943	1944	1945	1946				
					July	Aug.	Sept.	Oct.	Nov.
Industrial Production[1]									
U.S.A.	122	268	264	228	193	199	200	202	(202)
France	...	54	41	46	84[2]	...	...	...	...
Belgium	105	...	...	38	90	90	(96)	...	...
Netherlands	109	57	(38)	(27)	75	73	82	...	...
Denmark	105	87	87	79	97	98	101	103	104
Sweden	106	93	93	91	108	107	109	110	...
Norway	107	81	76	69	75	102	108	108	...
Finland	75	39	33	38	52	50	57	...	...
Bulgaria	106	102	112	132	127	142	...	...	...
Poland[3]	...	...	...	...	92	97	...	...	...
Industrial Employment[4]									
Switzerland[5]	99	105	100	110	...	124[6]	...	...	...
Great Britain[7]	100	117[8]	...	102[8]	98	100	101	102	...

Sources : Official statistics. For *Belgium* : Institut de Recherches Economiques et Sociales, Louvain ; for *Sweden* : Sveriges Industriforbund.

[1] Mining and Manufacturing, except France, Denmark (manufacturing only) and Finland (export industries). For Poland see footnote 3.
[2] May.
[3] Production index of selected goods comprising coal, cement, glass, steel, yarns, paper, art. fertilizers, locomotives, railway wagons, also building tenders and some others. Production in the base period 1938 refers to pre-war Poland.
[4] Indices of Industrial Production not available.
[5] Wage earners employed in manufacturing and building.
[6] Third Quarter.
[7] Employment in manufacturing. June 1939=100.
[8] June.

TABLE II

WHOLESALE PRICES[1]

Index Numbers : 1938=100

Index Numbers		Average			1946					
		1939	1944	1945	June	July	Aug.	Sept.	Oct.	Nov.
U.S.A.	*a* in natl. currcy.	98	132	134	144	158	164	158	171	(174)
U.K.	*a* in natl. currcy.	101	164	167	171	174	174	175	175	177
	b in U.S. currency	91.5	135	138	141	143	143	144	144	146
France	*a* in natl. currcy.	105	265	375	604	571	698	727	820	802
	b in U.S. currency	92	...	(257)	171	167	204	212	240	234
Holland[2]	*a* in natl. currcy.	...	164	181	249	252	257	259	261	...
	b in U.S. currency	...	...	(127)	171	173	176	177	179	...
Switzer-	*a* in natl. currcy.	104	208	206	199	199	200	199	203	204
land	*b* in U.S. currency	103	...	...	203	203	204	203	207	208
Sweden	*a* in natl. currcy.	103	175	173	165	165	164	164	162	170
	b in U.S. currency	98	...	...	156	172[3]	181	181	179	188
Denmark	*a* in natl. currcy.	105	194	190	183	184	191	192	197	198
	b in U.S. currency	98	...	...	175	176	182	183	188	189
Norway	*a* in natl. currcy.	102	177	177	169	170	170	170	170	172
	b in U.S. currency	97	...	...	139	140	140	140	140	141
Finland	*a* in natl. currcy.	102	260	372	610	616	622	628	631	...
Czecho-	*a* in natl. currcy.	...	148	165	280	292	294	293	...	...
slovakia[4]	*b* in U.S. currency	...	...	...	162	169	170	169	...	...

[1] Prices expressed in national currencies and in U.S. dollars at official rates.
[2] Average 1938–9=100.
[3] Buying rate for one U.S. dollar reduced as of July 13th, 1946, from 4.20 to 3.60 Kronor.
[4] March 1st, 1939=100.

TABLE III

WAGES

Index Numbers : 1938=100

Index Numbers	Average		1945		1946				
	1939	1945	June	Dec.	May	June	July	Aug.	Sept.
U.S.A.[1]	101	160	162	156	167	170	171	174	176
United Kingdom[2]	112	149	149	153	160	161	161	164	164
Switzerland[3]	100	146	144	151	...	159	...	...	164
France[4]	...	277	...	...	327	...	...	413	...
Netherlands[5]	...	144[6]	135	150	163	163	164	163	...

[1] Average hourly earnings in manufacturing ; U.S. Department of Labour.
[2] Weekly wage rates ; Ministry of Labour (all industries).
[3] Hourly wage rates in industry ; quarterly figures, January–August, 1939=100.
[4] Average hourly wages of metal workers (Paris area).
[5] Hourly wage rates in industry ; 1938–9=100.
[6] Average March–December.

TABLE IV. FOREIGN TRADE

Volume Index (Deflated values : 1938=100

Index Numbers		Average			1946					
		1939	1944	1945	June	July	Aug.	Sept.	Oct.	Nov.
U.S.A.	Imports ...	115	128	129	131	146	138	...	...	...
	All Exports ...	105	268	184	210	193	208	...	...	...
	%Comm. Exports[1] ...	*100*	*21*	*39*	*80*	*81*	*87*	*91*	*96*	...
U.K.	Imports ...	97	80	62	69[2]	...	...	70[3]	...	...
	Exports ...	94	31	46	98[2]	...	...	104[3]	...	112[4]
France	Imports ...	N.A.	6	34	187	132	116	88	112	...
	Exports ...	N.A.	27	10	46	42	41	46	52	...
Belgium[5]	Imports A ...	96	...	42	50[2]	...	...	...	...	...
	Imports B ...	84	...	31	80[2]	...	...	...	...	...
	Exports B ...	124	...	—	2[2]	...	...	...	...	...
	Exports C ...	108	...	—	43[2]	...	...	...	...	...
Switzerland	Imports ...	117	32	31	104	106	100	94	114	130
	Exports ...	96	40	57	91	121	96	110	120	117
Denmark	Imports ...	98	32	21	73	97	112	105	112	94
	Exports ...	101	46	32	64	60	60	63	74	74
Sweden	Imports ...	109	35	21	73	78	75	(77)	...	...
	Exports ...	106	26	56	81	87	70	(85)	...	...
Norway	Imports ...	111	19	46	69	63	89	74	...	...
	Exports ...	108	29	19	71	68	54	68	64	...

Sources : Official statistics. For *Belgium* ; Institute de Recherches Economiques et Sociales, Louvain ; the figures for *Sweden* and *Denmark* we obtained by correcting the value of imports and exports for price changes in imported and exported goods.

[1] Value of commercial exports as per cent of value of total exports ; the latter include Lend Lease and U.N.R.A. shipments.

[2] Average of second quarter. [3] Average of third quarter. [4] Average of fourth quarter.

[5] A=Foodstuffs ; B=Raw Materials ; C=Finished goods.

TABLE V. COAL MINING AND SUPPLIES

A. Hard Coal : Output and Employment, 1946. Monthly figures or averages.[1]

1946	U.S.A.[2]	U.K.	West Germany[3]	France[2]	Belgium	Holland	Poland	Czechoslovakia
Employment ('000)[4]								
Av. Jan.–June		698	235	314	157	33	...	...
Sept.	...	697	232	321	158	36	182	53
Oct.	...	693	232	326	159	36	188	55
Nov.	...	692	235	329	162	36	191	56
Nov. as % of 1935–38 ...	...	90	74[5]	146	117	118	...	133
Output (Mill. metr. tons)								
Av. Jan.–June	39.9[6]	15.9	3.6	4.0	1.88	0.64	3.6	1.16
Sept.	50.9	16.5	5.1	4.1	1.89	0.75	4.2	1.14
Oct.	55.7	17.1	5.7	4.7	2.10	0.81	4.6	1.26
Nov.	38.4[6]	17.2	5.6	4.3	1.96	0.80	4.5	1.27
Nov. as % of 1935–38 ...	113	89	50	111	82	73	88[7]	115
Output per manshift[8] (*tons*)								
July	...	1.0	0.87	0.59	0.56	0.94	1.00	...
Aug.	...	0.99	0.88	0.60	0.56	0.92	1.03	...
Sept.	...	1.03	0.90	0.62	0.57	0.91	1.04	1.0
Oct.	...	1.05	0.92	0.61	0.57	0.97	1.07	1.0
Oct. as % of 1935–38 ...	...	90	57[9]	72	73	55	...	72

[Footnotes after Table D]

B. PRODUCTION OF LIGNITE[10]

Monthly figures or averages

1946 Thousand metric tons	Germany West. Zones	 East. Zone	Czechoslovakia
Aver. Jan.–June	3,950	8,950	1,620
July	4,080	9.140	1,565
Aug.	5,170	9,570	1,620
Sept.	4,415	9,590	1,620
Oct.	4,780	...	1,585
Oct. as % of 1935–37 ...	135	...	117

C. TOTAL IMPORTS OF SOLID FUELS INCLUDING BUNKERS (Ton for Ton)

Monthly figures or averages

1946 Thousand metric tons	Average Jan.–June	July	Aug.	Sept.	Oct.	Nov.	November as % of 1935-38
France...	838	1,085	1,156	991	719	735	37
Belgium	308	255	270	217	237	156	30
Holland	244	442	370	314	214	265	38
Luxemburg	140	184	202	168	164	161	63
Norway	151	278	206	121	155	145	57
Denmark	325	346	408	364	318	220	47
Sweden	245	292	382	344	340	318	49
Switzerland	117	127	143	163	134	131	48
Italy	...	514	896	578	314	334	30
Finland	...	102	100	91	78	55	38
Portugal	...	90	77	42	54	71	66

D. EXPORTS OF SOLID FUELS EXCLUDING BUNKERS (Ton for Ton)

Monthly figures or averages

1946 Thousand metric tons	Average Jan.–June	July	Aug.	Sept.	Oct.	October as % of 1935–38
U.S.A.	2,660	5,511	6,023	5,250	...	490[11]
Thereof to Europe ...	1,245	1,674	2,391	1,743	1,134	...
U.K.	420	498	425	376	410	12
West. Germany[3] ...	1,150	1,113	1,436	1,053	900	31
Poland	1,155	1,531	1,487	1,380	1,313	...
Czechoslovakia ...	...	...	...	42	25	7
France	44	10	16	14	15	15
Belgium	78	85	77	80	82	16
Holland	36	30	34	33	45	9

Sources : European Coal Organization ; United Nations : Monthly BULLETIN of Statistics.

[1] Calendar months, excepting United Kingdom. Approximate monthly figures of U.K. output computed from weekly averages on the basis of a standard month of 4.33 weeks.

[2] Including small quantities of lignite.

[3] British and French zones (see also footnote 8).

[4] Underground and surface workers, excluding office staff.

[5] Against average 1935-37.

[6] Affected by strikes.

[7] November output, 1946, compared with pre-war output in the territories now within Polish boundaries.

[8] Overall. The figures for Germany refer to the British zone only.

[9] 83 per cent in the French zone.

[10] Conversion rate for Germany : 9 units lignite = 2 units coal ; for Czechoslovakia: 17 units lignite = 10 units coal.

[11] September, 1946, against monthly average 1939.